

Message Text

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PAGE 01 JAKART 09997 150856Z

10

ACTION EA-09

INFO OCT-01 NEA-10 ISO-00 EB-07 /027 W
----- 077166

R 150745Z AUG 75
FM AMEMBASSY JAKARTA
TO USDOC WASHDC
SECSTATE WASHDC 9745
INFO AMEMBASSY TEHRAN
AMCONSUL SURABAYA

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COMMERCE FOR MEPD: PHILBRICK
STATE FOR EA/IMS

EO 11652: NA
TAGS: BEXP, ID
SUBJECT: MAJOR PROJECT: SUGAR MILLS

REF: (A) SURABAYA 0502
(B) JAKARTA 6362

1. EMBASSY BELIEVES REF (A) BUSINESS SOURCE PAINTED
DISTORTED COLLAGE OF SEVERAL UNRELATED EVENTS. EVENTS
WHICH ACTUALLY DID OCCUR WERE: (A) REAFFIRMATION DURING
RECENT SUHARTO VISIT TO IRAN OF \$200 MILLION IRANIAN
LOAN FOR WEST JAVA FERTILIZER PLANT. (HIGH LEVEL GOI
OFFICIALS WHO HAVE DISCUSSED FERTILIZER LOAN WITH EMBOFFS
HAVE NEVER MENTIONED ADDITIONAL \$1 BILLION
SUGAR PROJECT LOAN AND WE DOUBT IRAN CURRENTLY HAS SPARE
CAPITAL FOR SUCH HUGE LOAN.) (B) ENTREPRENEUR FOI RITO'S
(REF B) ATTEMPT PROMOTE 100,000 HA SUGAR PROJECT DEAL
IN S.E. SULEWESI UTILIZING \$100 MILLION IRANIAN CAPITAL
(NOW INFLATED BY REF (A) SOURCE TO 150,000 HA IN S. SULEWESI AT
(\$1 BILLION). (C) LEGITIMATE TATE-LYLE FEASIBILITY STUDY
IN S. SULEWESI TO DETERMINE COMPARATIVELY SMALL SITE
FOR ONE TO THREE BKU/PNP PROPOSED FUTURE OFF-JAVA SUGAR
PROJECTS.

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2. RE REF (A) PARA 2, WHILE KUNIR IS ONE OF SITES ON WHICH FULTON GROUP IS BIDDING, EMBASSY SERIOUSLY DOUBTS BKU/PNP HAS MADE DECISION REGARDING CONTRACT AWARD TO FULTON, KRUPP OR ANY OTHER BIDDER ON CURRENT SIX-PROJECT SUGAR TENDER. OUR UNDERSTANDING IS ONLY THREE OF SIX PLUS BIDDERS HAVE EVEN CONDUCTED SITE SURVEYS AT THIS POINT AND THAT, WITH MONTH AND HALF TO GO BEFORE BID DEADLINE, PROSPECTIVE BIDDERS ALREADY EXPECT SUBMIT PROPOSALS DIFFERING SIGNIFICANTLY FROM EXACT TENDER SPECIFICATIONS. THUS, BKU/PNP WILL PROBABLY REQUIRE SOME WEEKS EVALUATE THESE PROPOSALS ONCE RECEIVED. MOREOVER, CURRENT GOI FINANCIAL CONSTRAINTS DUE PERTAMINA DIFFICULTIES MAY PRECLUDE GOI GOING TO INTERNATIONAL FINANCIAL MARKET FOR REQUIRED SUGAR PROJECT COMMERCIAL FINANCING UNTIL JANUARY 1976 OR LATER. EMBASSY HOPES OBTAIN LIST OF FOREIGN COMPETITORS BY NEXT WEEK AND WILL REPORT. NEWSOM

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Message Attributes

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Margaret P. Grafeld
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To: COM STATE
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